Algoma Central Railway

Revised October 3, 1985 (IC)
Destroy all previous Basic and White cards on this Company

CUSIP Number 015644
Stock Symbol ALC

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THE COMPANY, is a diversified transportation company which, directly and through subsidiaries, is engaged in the operation of a railroad in the Algoma region of northern Ontario; a shipping fleet on the Great Lakes and St. Lawrence Seaway; and a fleet of trucks in southern Ontario, Quebec, New York and Michigan. The company also has developed commercial real estate complexes in Sault Ste. Marie and Elliot Lake, Ont. In addition, the company has substantial land holdings, including mineral and timber rights, in the Algoma region.

COMPARATIVE DATA

Fiscal Year	Total Assets	Shldrs.' Equity	L.-Term Debt	Revenue	Net Inc. Opers.	Earns. Per Sh.	Divds. Paid	Price Range High	Price Range Low
	000's					—Common Shares—			
	$	$	$	$	$	$	$	$	$
1984....	304,114	100,737	83,111	195,164	7,533	2.01	0.75	23.13	16.13
1983....	309,761	94,294	110,088	170,804	7,029	1.91	0.60	20.75	14.50
1982....	271,971	87,827	97,352	146,015	3,289	0.92	1.05	18.25	13.00
1981....	268,362	86,060	99,033	155,117	9,424	2.75	1.20	24.00	15.50
1980....	231,297	77,316	83,695	132,392	10,403	3.13	1.10	26.00	21.00

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984

	Outstanding		%
Long-term debt		$83,111,000	45
Common stock	3,783,000 shs.	7,566,000	4
Contributed surplus		10,457,000	6
Retained earnings		82,714,000	45

SUMMARY STATEMENT

For the six months ended June 30, 1985, net income decreased 4% to $1,511,000 or 40 cents per share from restated $1,579,000 or 43 cents per share for the 1984 first half. Revenue increased 9% to $87,959,000 from $80,797,000.

Revenue for the year ended Dec. 31, 1984 increased 14% to $195,164,000 from $170,804,000 for the preceding year. While all divisions contributed to the improvement, the Trucking division reported a significant 46% increase in revenue due to a high level of activity in the automotive and other industries in southern Ontario and the recent expansion into expedite and truckload brokerage operations.

Net income, operations, for 1984 increased 7% to $7,533,000 or $2.01 per share from $7,029,000 or $1.91 per share for 1983. A significant improvement in results of the Trucking division was offset by lower earnings of the Rail division and by the company's share in the net loss of the Florida real estate joint venture. In 1983, an extraordinary item increased net income to $7,415,000 or $2.01 per share; there were no extraordinary items in 1984.

Dividends continued to be paid at the rate of 80 cents per share per annum established with the quarterly payment of 20 cents per share on June 1, 1984. Previously, a rate of 60 cents per share per annum was paid quarterly from Dec. 1, 1982 to Mar. 1, 1984, inclusive.

Sole ownership of the Florida real estate joint venture was acquired by the company effective Apr. 30, 1985. As a result, the accounting treatment of this venture has been changed from the equity method to the proportionate consolidation method and 1984 six-month comparative figures have been restated accordingly.

N.B.—For quick reference data, see page 2.

OF MANAGEMENT
OCT 23 19
UNIVERSITY

THE FINANCIAL POST CORPORATION SERVICE
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QUICK REFERENCE DATA

Major Shareholders—At February 28, 1985, E-L Financial Corporation Limited held 19.4%, Amogla Holdings Limited held 13.9% and Scotia Investments Limited held 13.7% of the company's outstanding common shares.

Employees—At July 31, 1984, the company had 2,015 employees.

Incorporation—Special Act of Parliament, 1899.

Auditors—Deloitte, Haskins & Sells, C.A.'s, Toronto.

Fiscal Year Ends—December 31.

Annual Report Appeared—In March in 1985.

Annual Meeting Date—April 23 in 1985.

Bankers—The Bank of Nova Scotia and The Royal Bank of Canada.

Listed—**ALC**, Toronto Stock Exchange.

Transfer Agent & Registrar—The National Victoria and Grey Trust Company, Toronto.

Rank in FP 500—330 by sales; 197 by assets.

COMPANY

The company is a diversified transportation company moving cargo by water, rail and road. It operates a fleet of dry-bulk-cargo ships principally on the Great Lakes and the St. Lawrence Seaway. Rail services are provided along the company's main railway line which runs 295 miles north from Sault Ste. Marie in the Algoma region of northern Ontario. The company's fleet of trucks carries general cargo on routes extending from Detroit, Mich. and Buffalo, N.Y. to Toronto and Montreal. The company also has developed commercial real estate complexes in Sault Ste. Marie and Elliot Lake, Ont. and owns approximately 850,000 acres of land, including mineral and timber rights, in the Algoma region.

REVENUE

Revenue by operating division for the past two years has been as follows:

	1984		1983	
	$000's	%	$000's	%
Marine	101,374	52	94,240	55
Rail	33,458	17	33,123	20
Trucking	52,584	27	36,066	21
Real Estate	7,748	4	7,375	4
	195,164	100	170,804	100

OPERATIONS

Rail Operations

Rail operations include the operations of the Rail division, 90%-owned Algocen Mines Limited and the Forest Lands and Minerals segment as follows:

Rail Division—The Rail Division operates the company's freight and passenger railway system. The main line of the railway extends 295 miles north from Sault Ste. Marie to Hearst, Ont. where it connects with one of the Canadian National transcontinental lines. It crosses the Canadian Pacific main line at Franz, and a second C.N.R. line at Oba. A branch line extends 26 miles from Hawk Junction to Michipicoten.

In addition there are some 100 miles of yard tracks and sidings, bringing the total trackage to 417 miles.

The company provides freight, passenger and express services along its lines and operates daily excursion trips throughout the summer and fall and weekly excursions in winter from Sault Ste. Marie to Agawa Canyon. Three main passenger tours are offered by the Rail Division: the Tour of the Line; the Snow Train; and the Canyon Tour.

The company serves the natural resource, manufacturing and tourist industries of the Algoma region of northern Ontario. Major industrial customers include The Algoma Steel Corporation Ltd., Abitibi-Price Inc. and Union Carbide Canada Ltd. Rail freight carried includes a substantial tonnage of mining products, primarily iron ore, as well as forestry products and a variety of industrial products. (For details of tonnage, see "Operating Statistics" page 8.)

The company maintains a fleet of diesel locomotives, freight, passenger, express baggage, and work cars and other units of specialized equipment.

In addition to rights of way and rolling stock, the company owns and operates extensive terminal facilities at Sault Ste. Marie, including station and office buildings, freight shed, round house, machine shop, rolling stock repair shops, stores, fueling and maintenance facilities.

Along its lines the company maintains engine houses, fueling and other facilities at Hawk Junction and Wawa together with suitable roadway buildings at other points. Joint stations with the C.P.R. are maintained at Franz and with the C.N.R. at Oba and Hearst.

Rail division revenues increased marginally in 1984 to $33.5 million despite increases in both passengers and freight carried. Point-to-point travellers declined 5% but overall passenger travel increased 12%. Passengers carried on the three main train tours, the Tour of the Line, Snow Train and Canyon Tour, increased 6%, 26% and 14%, respectively. Due to discontinued operations of one major freight customer and change of ownership of another, forestry tonnage declined 8%. This decline was offset by a 7% increase in manufacturing tonnage and a 2% increase in mining tonnage and the result was a 2% increase in total freight tonnage. In 1984, the Rail division replaced 6.3 miles of 100 lb. rail with 115 lb. rail and renewed 60,000 track ties.

Forest Lands and Minerals—This segment supervises the use and development of approximately 850,000 acres of land, including mineral and timber rights, owned by the company in the Algoma region of northern Ontario. This acreage represents the company's freehold ownership of its right of way, station grounds and industrial sites, including waterfront property at Sault Ste. Marie and several townships, situated south of the main transcontinental line of the C.P.R. in Algoma.

The company's magnetite iron ore deposit on the Goulais property, located 25 miles from the Algoma railway line, north of Sault Ste. Marie, is under a long-term lease to The Algoma Steel Corp., Ltd. Extensive diamond drilling work was performed and the metalurgical treatment worked out on this deposit. There are no immediate plans for further development. The lease agreement is on a royalty basis of 10 cents per ton of concentrates produced.

In October, 1967, a 25-year agreement was signed with Pick Timber Company, Limited for the harvesting of veneer and sawlogs from more than 600 square miles of Algoma Central's freehold land. A 1976 agreement with Newaygo Timber Company, Limited gives that company the right to harvest all species on another 700 sq. miles for a 10-year term.

In 1984, exploration for precious and base minerals continued. Silvicultural work, aided by federal government funding, also continued. A total of 250,000 trees were planted, regeneration surveys were conducted on 3,768 acres, timber cruising was completed on 4,819 acres and lands were scarified for 1985 planting.

Algocen Mines Limited—This 90%-owned subsidiary holds a mining lease on a silica-kaolin deposit north of Hearst, Ont. The license to explore the deposit, which covers a 58,650-acre area along the Missinaibi River, was granted to the company by the Ontario Department of Mines in 1965. The license was transferred to Algocen Mines Limited in 1967. Investment in Algocen Mines was written down to a nominal value of

$1,000 in 1982, although the company intends to maintain its lease on the silica-kaolin property.

Marine Operations

Marine operations are carried out by the Marine division, Algoma Steamships Limited and Herb Fraser and Associates Limited. The Marine division operates a fleet of 15 dry-bulk-cargo vessels, 13 of which are owned by the company and two of which are owned by Algoma Steamships Limited. It also supervises the ship repair and maintenance business performed by Herb Fraser and Associates Limited. Herb Fraser, located at Port Colborne, Ont. on the Welland Canal, also fabricates and repairs industrial metal products. The ships consist of three bulk carriers with a total deadweight capacity of 77,465 tons and 12 self-unloaders with a total deadweight capacity of 287,640 tons as follows:

Vessels	Date of Constr.	Capacity at Seaway 26 Ft. Gross Tons
Bulk Carriers:		
M/V Algocen	1968	26,355
M/V A. S. Glossbrenner	1966	25,745
S/S V. W. Scully	1965	25,365
Self-unloaders:		
M/V Algoway	1972	20,905
M/V Agawa Canyon	1970	20,850
M/V Algorail	1968	20,475
M/V Algosoo	1974	27,640
S/S E. B. Barber	1952	13,730
M/V Saunière	1970	18,450
M/V Algolake	1976	27,640
M/V Algobay	1978	35,000
M/V Algoport	1979	23,000
M/V Algowood	1981	25,850
M/V Algowest	1982	27,050
M/V John B. Aird	1983	27,050

The Marine division moves a variety of commodities including ore, coal, coke and grain, (for details, see "Operating Statistics" on page 8) and has contracts with several major shippers.

In 1984, both revenue and tonnage increased from 1983 levels. Revenue increased 8% to $101.4 million and tonnage carried was up 10% to 17 million tons. These results were achieved in spite of the weak movement of export grain, particularly American grain, from Lake Superior loading facilities to St. Lawrence River grain elevators, and continuing weakness in the Canadian and U.S. economies which affected steel and construction industries. The Marine division was able to maintain full employment of all 15 vessels throughout the shipping season however delays amounting to the equivalent of more than half of a normal operating season for one vessel were caused by a major ice blockage on the St. Clair River in April and the malfunction of a bridge across the St. Lawrence Seaway at Valleyfield, Que.

Trucking Operations

Trucking Division—Trucking operations are carried out through the Trucking division which consists of wholly owned subsidiary, Algocen Transport Holdings Limited and its subsidiaries, Thibodeau-Finch Express Limited, Flanagan Warehousing & Distribution Co. Ltd., Transport T. F. Québec Limitée, and Algocen Transport Inc. Thibodeau-Finch Express owns a fleet of trucks which carries general cargo on routes extending from Detroit, Mich. and Buffalo, N.Y. to Toronto and Montreal. Transport T.F. Québec owns a fleet of trucks and operates trucking routes between Montreal and St. Jean, Que. Flanagan Warehousing & Distribution also owns a fleet of trucks and operates cartage services in southern Ontario.

Thibodeau-Finch operates nine trucking terminals located in Toronto, Windsor, Chatham, London, Sarnia and Brantford, Ont.; Montreal, Que.; Detroit, Mich. and Buffalo, N.Y. Of these terminals, two are owned by Thibodeau-Finch, three by Algocen Transport Holdings and two by Flanagan Warehousing. The Detroit and Buffalo terminals are leased. Transport T.F. Québec operates a terminal in Quebec.

Flanagan Warehousing & Distribution conducts warehousing operations from premises owned in London, Chatham, Windsor and Sarnia, Ont., two of which house terminals are operated by Thibodeau-Finch.

Expedite and truckload brokerage operations are conducted by Algocen Transport Inc.

In 1984, trucking division revenue rose 46% to $52.6 million from $32.1 million for the previous year. Increased revenue was primarily due to an intensive marketing program for the division's new broker-operated truckload and expedite services introduced by Algocen Transport Inc. in 1983. Trucking volume was strong in 1984, especially from the automotive market. In 1984, 40 new highway tractors and 123 new 48-foot trailers were added to the division's fleet. In early 1985, the company planned to expand its international less-than-truckload traffic. An initial operation was to be established in Chicago, Ill.

The division's warehousing operations were disappointing as volumes did not reach the expected levels at several locations.

Real Estate Operations

Real estate operations are conducted by Algocen Realty Holdings Limited, which owns a complex located on a 38-acre waterfront site in Sault Ste. Marie Ont. The complex consists of the Station Mall shopping centre, a hotel, an office tower (Station Tower), and an apartment building for senior citizens. Algocen Realty manages the shopping centre, office tower and apartment building for senior citizens.

At Elliot Lake, the company owns and manages the AlgoCentre/Algo Tower, a shopping centre-hotel complex with office space.

In 1984, tenant sales and demand for leased space in both the Sault Ste. Marie and Elliot Lake shopping centres increased. Tenant occupancy at Station Mall reached 100% and the senior citizen apartment building at Sault Ste. Marie was fully occupied in 1984. Real estate division revenue increased 5% to $7.7 million. Revenue from hotel and restaurant operations increased 10% and mall revenues increased 5%. Both revenue and operating income from commercial office space declined. The company plans to expand Station Mall in Sault Ste. Marie to meet the increased demand for retail space at that location.

Investment in the United States

Through ACR Delaware, Inc., the company holds investments in the United States. ACR subsidiary, Algocen, Florida, Inc., is a 50% partner in a real estate venture in Florida. The joint venture completed construction of the first of six planned 108-unit luxury condominium towers on the east coast of Florida in 1983. Due to a high inventory of unsold units and the depressed market for luxury condominiums in Florida, the construction of further buildings has been deferred until definite signs of a stronger market appear.

Effective Apr. 30, 1985, the company assumed sole ownership of the project.

ACCOUNTING CHANGES

In 1981, the company changed, on a retroactive basis from the cash to the accrual method of recording payments receivable from the Government in respect of passsenger train service between Sault Ste. Marie and Hearst, Ont. As a result, retained earnings at Dec. 31, 1980 increased by $1,054,000, of which $40,000 was applicable to that year and the remainder to prior years. This reduced net income by $869,000 in 1981.

Also in 1981, the company adopted the method of capitalizing interest incurred on funds borrowed directly to finance other fixed asset acquisitions, during the construction period of the related real estate project. As a result, interest of $1,269,000 has been capitalized to Dec. 31, 1981.

CAPITAL EXPENDITURES

Capital outlays in recent years were as follows:

1975	$18,716,000	1980	$37,453,000
1976	20,179,000	1981	44,796,000
1977	17,799,000	1982	21,707,000
1978	23,679,000	1983	47,393,000
1979	42,325,000	1984	11,033,000

Capital spending in 1984 included the replacement of 6.3 miles of 100 lb. rail with 115 lb. rail and replacement of 60,000 railway track ties in the Rail division and the addition of 40 new highway tractors and 123 new 48 ft. trailers in the trucking division.

Capital expenditures by operating division were as follows in the last two years:

	1984		1983	
	$000's	%	$000's	%
Marine	949	9	42,712	90
Rail	3,493	32	3,458	7
Trucking	6,023	54	654	1
Real estate	327	3	291	1
Corporate	241	2	278	1
	11,033	100	47,393	100

HISTORY

The company was originally incorporated in 1899 by special Act of Parliament, as the Algoma Central Railway Company. The name was changed to The Algoma Central and Hudson Bay Railway Company in 1901.

The company was granted a cash subsidy of $6,400 per mile from the Dominion Government covering the line from Sault Ste. Marie to Hearst, and including the Michipicoten branch, and from the Ontario government, a land grant of 2,107,144 acres given freehold, including all mineral rights, and all timber free of charge, except the pine, upon which stumpage charges were to be paid.

Due to default of interest coupons on first mortgage bonds, due Dec. 1, 1914, the company was placed in receivership in Feb., 1915. In September, 1916 a scheme of financial rearrangement was agreed upon and the receivers were subsequently discharged. In 1931 the company entered into a further scheme of arrangement and compromise with certain other companies and the holders of first mortgage bonds of such companies. Under this arrangement provision was made, among other things, for the rearrangement of interest arrears accrued upon the company's then outstanding first mortgage bonds and the outstanding first mortgage bonds of its wholly-owned subsidiary, Algoma Central Terminals Limited.

In 1941 a further scheme of arrangement was entered into whereby it was provided that, after interest on and principal of the first mortgage bonds and debenture stock of Algoma Central Terminals Limited had been paid and such bonds and debenture stock cancelled, interest on the first mortgage income debenture stock and/or bonds of the company should be payable (but only out of surplus net earnings and surplus capital after providing for certain specified expenditure and reserves) in such percentages of the principal amount and at such times as the Joint Committee for the Security Holders (established by the 1941 scheme of arrangement) might from time to time direct. The 1941 scheme of arrangement also provided that any accumulation of interest not paid prior to the maturity or redemption of the first mortgage income debenture stock and/or bonds should become payable with the principal amounts thereof.

After first providing out of the income of the company for the interest charges on and the redemption by 1949 of the $2,995,525 principal amount of first mortgage bonds and debenture stock of Algoma Central Terminals Limited, the charter of which company was subsequently surrendered and its assets merged with those of the company, the Joint Committee for the Security Holders, commencing in 1950, made or authorized interest payments aggregating $9,432,277 (to December, 1958), an amount equal to 91½% of the principal amount of the company's first mortgage income debenture stock and/or bonds.

In June, 1958, a new financing plan was proposed and subsequently put into effect by special Act of Parliament, which was assented to on Aug. 7, 1958.

New financing involved the issuing of $7,500,000 first mortgage sinking fund bonds, $3,500,000 of sinking fund debentures and $4,000,000 (80,000 shares) of 6% cumulative redeemable convertible preferred stock. Authorized common shares were increased to 1,000,000 from 420,755 shares.

The company redeemed the 5% first mortgage income debenture stock and/or bonds, due December 31, 1959, on March 10, 1959. The $500,000 of 5% noncumulative, redeemable preferred stock also was redeemed.

Subsequent to the new financing and redemption of the income debenture stock and/or bonds, the voting trust was abrogated and voting control reverted to the common shareholders. At the same time, the committee representing the holders of voting trust certificates was dissolved. This committee, formed in March, 1958, comprised the following: Sir Denys Lowson, Bart., Charles F. W. Burns, G. V. Ryckman, R. A. Jodrey, Norman Whittall and John B. Aird.

By special Act of Parliament which was assented to on June 30, 1965, the corporate name of the company was changed to Algoma Central Railway, the authorized share capital of the company was reduced as outlined under "Capital Stock Changes", page 5, and the provisions were removed that the aggregate principal amount of bonds, debentures and other funded debt outstanding at any time should not exceed in the aggregate $11,000,000, and that approval of shareholders should be required with respect to the issuance of funded debt.

In 1967, a new subsidiary, Algocen Mines Limited, was incorporated to carry out the company's exploration work in the Hearst area.

In May, 1972, the company purchased 166,000 or 24.9% of the outstanding common shares of Pacific Atlantic Canadian Investment Co. Ltd. of Montreal for a cash consideration of $830,000. In June, 1972, the company purchased all the shares of Thibodeau Express Ltd. of Windsor, a road transport company, for an undisclosed amount. The name of this subsidiary was subsequently changed to Algocen Transport Holdings Limited.

In 1973 the company incorporated Algocen Realty Holdings Limited to hold and develop its 45-acre waterfront site in Sault Ste. Marie.

Also in 1973 the company acquired Herb Fraser and Associates Limited of Port Colborne and Finch & Sons Transport Limited of Brantford. Negotiations were completed in early 1974 for the acquisition of Flanagan Delivery Service Limited and Flanagan Storage & Warehousing Limited by Algocen Transport Holdings Limited.

In 1975, Pacific Atlantic Canadian Investment Co. Ltd. was wound up and its assets distributed.

In 1976, the two subsidiaries Thibodeau Express Inc. and Finch & Sons Transport Limited merged to form Thibodeau-Finch Express Limited.

During 1977, the company purchased certain assets of 4 Ways Transport and Huron Forwarding of Sarnia, Ont. Also in 1977, the wholly-owned subsidiary, Transport T. F. Québec Limitée, acquired certain assets of Beauchamp Express Limited of Varennes, Que.

During 1978, subsidiaries Flanagan Delivery Service Limited and Flanagan Storage and Warehousing Limited merged to form Flanagan Warehousing & Distribution Co. Ltd.

The 50% interest in Viking Helicopters Limited of Carleton Place, Ont., acquired in 1978, was sold in April, 1981 for approximately $2,025,000.

During 1983, a new subsidiary, Algocen Transport Inc., was formed to conduct expedite and truckload brokerage operations. Also, the company liquidated its 33.6% interest in All Canadian-American Investments Limited.

PRINCIPAL SUBSIDIARIES

Algoma Steamships Limited—Wholly owned. 289 Bay St., P.O. Box 7000, Sault Ste. Marie, Ont. P6A 5P6. Owns two ships operated by the company.

Algocen Mines Limited—90% owned. Holds mining

lease on silica-kaolin deposit north of Hearst, Ont.

Algocen Transport Holdings Limited—Wholly owned. 3049 Devon Rd., Windsor, Ont. N8X 4L3. Owns three terminals operated by Thibodeau-Finch Express. Has the following wholly-owned subsidiaries: **Algocen Transport Inc.** which conducts expedite and truckload brokerage operations; **Thibodeau-Finch Express Limited** L. J. Thibodeau, pres. & chief exec. officer) which owns a trucking fleet, operates trucking routes from Detroit and Buffalo to Toronto and Montreal, owns two terminals, leases two terminals and operates 9 terminals; **Flanagan Warehousing & Distribution Co. Ltd.** (1036 Green Valley Road, London, Ont. N6A 4C2) which owns a trucking fleet, conducts warehousing operations from owned premises in London, Chatham, Windsor and Sarnia, Ont. (two of which house terminals operated by Thibodeau-Finch Express), and operates cartage services in southern Ontario; and **Transport T. F. Québec Limitée** (197 Petit Bois, Varennes, Que. J0L 2P0) which operates trucking routes between Montreal and St. Jean, Que., operates one terminal and owns a trucking fleet.

Herb Fraser and Associates Limited—Wholly owned. 1 Chestnut St., Port Colborne, Ont. L3R 1B3; A. S. Morris, gen. mgr. Performs ship repairs and maintenance and fabricates and repairs industrial metal products. Operations are based in Port Colborne, Ont. on the Welland Canal.

Algocen Realty Holdings Limited—Wholly owned. Owns a shopping centre, hotel, office tower and apartment building in Sault Ste. Marie and manages the apartment building, shopping centre and office tower. Owns and manages a shopping centre-hotel complex with office space in Elliot Lake, Ont.

ACR Delaware, Inc.—Wholly owned. Suite 1, 555 Colorado Ave., Stuart, Florida 33494. Holding company for investments in the United States. Has wholly owned subsidiary, **Algocen, Florida, Inc.**

OFFICERS AND DIRECTORS

Officers—H. N. R. Jackman, chm.; L. N. Savoie, pres. & chief exec. officer; D. A. Berlis, v-p, gen. counsel & sec.; P. R. Cresswell, v-p & gen. mgr., marine div.; S. A. Black, v-p, rail div.; R. G. Topp, v-p, fin.; N. J. Hirt, v-p & gen. mgr., Algocen Realty Holdings Limited; A. S. Morris, gen. mgr., Herb Fraser and Associates Limited; L. J. Thibodeau, pres. & chief exec. officer, Thibodeau-Finch Express Limited.

Directors—L. N. Savoie, P. R. Cresswell, Sault Ste. Marie, Ont.; D. A. Berlis, C. M. Black, R. R. Latimer, H. N. R. Jackman, G. C. Hitchman, A. J. Little, Toronto; J. J. Jodrey, Hantsport, N.S.; L. J. Thibodeau, Windsor, Ont.; W. D. McKeough, Chatham, Ont.; H. M. Burns, King City, Ont.

CAPITAL STOCK

(As at December 31, 1984)

	Author.	Outstand.	Par
Preferred	170,000 shs.	nil	$50
Common	5,000,000 shs.	3,783,000 shs.	$2

Preferred—Authorized in connection with the 1958 refinancing; $4,000,000 issued and subsequently converted or redeemed. (See "Capital Stock Changes" below.)

A special Act of Parliament assented to on June 30, 1965, provides that in case of redemptions, purchases for cancellation or conversion of preferred shares, the authorized and issued capital of the company shall be automatically decreased.

Common—Voting stock.

CAPITAL STOCK CHANGES

The original capitalization was 50,000 shares of 5% preferred, par $100, and 50,000 shares of common, par $100.

In 1915, when the company passed into the receiver's hands, the terms of the capital agreement made between the various interests, resulted in the par value of the preferred stock being reduced to $40 per share.

Simultaneously with this reduction in the amount of stock outstanding to $2,000,000, a new issue of $3,000,000 of 5 per cent non-cumulative preferred was made, which ranked pari passu in all respects with the existing preferred stock, but which was freed as regards voting rights and in all other respects from the terms of an agreement dated May 1, 1910.,between the Lake Superior Investment Co., and J. Frater Taylor and others.

This new stock was issued to the bondholders' committee in consideration of the railway and terminals bondholders consenting to the 1916 agreement. Three-fourths of the stock was distributed among the railway bondholder and the remainder among the terminals bondholders in the form of Committee Trust Certificates.

Under the "Scheme of Arrangement, 1931," the outstanding preferred were reduced to $500,000 of $4 par value and the common, which were all held by Lake Superior Corp., were converted into 420,755 shares of $10 par value.

Through distribution of the assets of Algoma Consolidated Corp. Ltd., approved in 1937, 214,445 common shares of Algoma Central previously held in trust for the Consolidated company were distributed to Algoma Consolidated bond and/or debenture stock holders, on the basis of approximately 69.34 shares per $1,000 debenture.

In connection with the refinancing carried out in 1958, the 125,000 shares of noncumulative preferred stock were redeemed. A new $50 par preferred stock was authorized to a total of $112,500,000, of which $4,000,000 (80,000 shares) was designated as 6% cumulative redeemable preferred shares and sold. The shares were convertible into common shares on the basis of three common shares for each preferred share to and including March 1, 1963 (approximately $16.66 per share); thereafter at 2½ common shares for each preferred share (approximately $20 per share). At the same time, the authorized amount of $10 par common stock was increased from $4,207,550 to $10,000,000.

During 1959, 226 preferred shares were converted into 678 common shares. During 1960, 1,645 preferred shares were converted into 4,935 common shares and 4,752 were purchased and cancelled. During 1961, 13,871 preferred shares were converted into 41,613 common shares and 3,065 were purchased and cancelled. During 1962, 9,810 preferred shares were converted into 29,430 common shares and 176 common shares were issued upon exercise of warrants.

In 1963, 44,272 preferred shares were converted into 130,875 common shares; and on Apr. 15, 1963, the remaining 2,359 preferred shares were redeemed at $52.50 per share plus 37½ cents accrued dividend.

At a special meeting on Dec. 4, 1964, shareholders of the company approved a subdivision of the authorized and outstanding common shares of the company on a 5-for-1 basis, bringing the number of common shares authorized to 5,000,000 shares, $2 par, of which 3,156,860 shares were outstanding at Dec. 31, 1964, including 14,550 shares issued upon exercise of stock purchase warrant in 1964.

By special Act of Parliament assented to on June 30, 1965, the authorized share capital was decreased through cancellation of the 80,000 6% preferred stock, $50 par, issued and subsequently redeemed or purchased for cancellation or converted into common stock. There are now 170,000 preferred shares, $50 par, authorized, none of which have been issued.

During 1965, 26,670 common shares and in 1966, 500 shares were issued on exercise of stock purchase warrants attached to 5¾% sinking fund debentures; and 6,000 common shares in 1965 and 12,000 shares in 1966 were issued on exercise of options.

During 1967, 1,400 common shares were issued on exercise of stock purchase warrants attached to 5¾% sinking fund debentures and 12,000 common shares on exercise of options.

During 1968, the company issued 33,445 common shares on exercise of stock purchase warrants and purchased 4,062 warrants for cancellation. The remaining warrants, originally attached to the 5¾%

sinking fund debentures, expired Mar. 1, 1968.

During 1970, the company issued 30,000 common shares for cash.

Common shares issued under the Dividend Reinvestment and Stock Dividend Plans totaled 97,699 in 1980, 129,224 in 1981, 144,000 in 1982, 70,000 in 1983 and 63,000 in 1984, bringing capital stock outstanding at Dec. 31, 1984 to 3,783,000 common shares.

PRICE RANGE OF STOCK

Common

Year	High	Low	Year	High	Low
1975	$16.38	$9.63	1980	$26.00	$21.00
1976	15.00	10.75	1981	24.00	15.50
1977	16.00	10.25	1982	18.25	13.00
1978	24.00	15.63	1983	20.75	14.50
1979	27.50	18.75	1984	23.13	16.13

DIVIDENDS

Note—Dividends on the common shares are restricted by the terms of the second supplemental mortgage trust deed. The amount of unrestricted shareholders' equity at Dec. 31, 1984, was $25,737,000.

Dividend Reinvestment Plan—The plan was implemented on Mar. 1, 1980, enabling the participants to invest dividends from their Algoma Central shares in new shares of the company at the average market price as determined by the plan. Only Canadian residents having 25 or more shares of the company are eligible to participate in the plan. No brokerage commission or service charges are payable by the participants. All administration costs of the plan are borne by the company.

Stock Dividend Plan—Effective Mar. 1, 1980, the plan enables the shareholder to receive stock dividends in lieu of cash dividends. Such election may provide certain tax benefits, particularly if the shareholder is a public corporation or an individual in a high tax bracket. No brokerage or transaction fees are payable under such plan.

Common—Present rate is 80 cents per share per annum established with the quarterly payment of 20 cents per share on June 1, 1984. Previously, a rate of 60 cents per share per annum was paid quarterly from Dec. 1, 1982 to Mar. 1, 1984, inclusive.

A rate of $1.00 per share per annum was paid regularly quarterly from Dec. 1, 1959 to Dec. 1, 1964, inclusive. No dividends were paid prior to Dec. 1, 1959.

First payment on this stock, following the five-for-one stock split in Dec., 1964, was 6¼ cents per share paid March 1, 1965, establishing an annual rate of 25 cents per share which was paid to and including June 1, 1966. The rate of 32 cents per share per annum was paid regularly quarterly from Sept. 1, 1966 to Mar. 2, 1970, inclusive. A rate of 40 cents per share per annum was paid quarterly from June 1, 1970 to March 1, 1972, inclusive. Rate was increased to 50 cents per share per annum with the payment of 12½ cents per share on June 1, 1972 and subsequently to 60 cents per share per annum with the payment of 15 cents Sept. 1, 1976, inclusive. A rate of 78 cents per share per annum was paid from Dec. 1, 1976 to Dec. 1, 1977, inclusive; and a rate of 84 cents per share per annum was paid from Mar. 1, 1978 to Sept. 1, 1978, inclusive. The rate was increased to 96 cents per share per annum from Dec. 1, 1978 to Dec. 1, 1979, inclusive and subsequently to $1.10 from Mar. 1, 1980 to Dec. 1, 1980, inclusive. Dividends at the rate of $1.20 per share per annum were paid quarterly from Mar. 2, 1981 to Sept. 1, 1982, inclusive; and a rate of 60 cents per share per annum was paid quarterly from Dec. 1, 1982 to Mar. 1, 1984, inclusive.

Dates payable—March, June, Sept. and Dec. 1.

5% Preferred (old)—None paid.

6% Preferred (old)—Entitled to 6% ($3.00 per share) per annum, cumulative from March 1, 1959, payable quarterly, Mar., June, Sept. and Dec. 1. Initial dividend of 75 cents a share paid June 1, 1959, with regular quarterly payments made thereafter to and including Mar. 1, 1963; 37½ cents per share paid on redemption Apr. 15, 1963.

LONG-TERM DEBT

Long-term debt outstanding at Dec. 31, 1984, totaled $83,111,000, including $1,419,000 due within one year. Net amount comprised $40,553,000 in bank loans and acceptances; $14,221,000 in first mortgage sinking fund bonds; $6,215,000 in 9% blended payment bonds of a subsidiary; $4,453,000 in mortgages payable; $15,000,000 in 15¾% promissory notes; and $1,250,000 in capital lease obligations.

Anticipated principal repayments (assuming refinancing of bank loans and acceptances and promissory notes) during the next five years were as follows: $2,614,000 in 1985; $2,631,000 in 1986; $2,597,000 in 1987; $2,458,000 in 1988; and $2,361,000 in 1989.

Details of debt as follows:

8¾% First Mortgage S.F. Bonds, Series B:

Dated June 1, 1971; due June 1, 1991.

Principal and semiannual interest (June and Dec. 1) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the company's bankers at the holder's option.

Authorized, no set amount; issued, $10,000,000; outstanding at Dec. 31, 1984, $3,221,000.

Denominations—Coupon form, registrable as to principal only in the denomination of $1,000 and as fully registered bonds in denominations of $1,000 and authorized multiples thereof.

Trustee—The Royal Trust Co.

Redeemable—Series B bonds are redeemable in whole or in part on not less than 30 days' notice on the following basis: for sinking fund purposes at par; for other than sinking fund purposes, at the company's option, at the following rates, on or before June 1, in each year:

1972 .. 108.75	1978 .. 105.75	1984 .. 102.75
1973 .. 108.25	1979 .. 105.25	1985 .. 102.25
1974 .. 107.75	1980 .. 104.75	1986 .. 101.75
1975 .. 107.25	1981 .. 104.25	1987 .. 101.25
1976 .. 106.75	1982 .. 103.75	1988 .. 100.75
1977 .. 106.25	1983 .. 103.25	1989 .. 100.25

and thereafter at par to maturity; together in each case with accrued interest to the date set for redemption. The company may not redeem the series B bonds prior to June 1, 1986, for refunding purposes at an effective interest cost of less than 8¾% per annum.

Sinking Fund—Sufficient to retire $200,000 principal amount on June 1 in each of the years 1972 to 1976, and $600,000 principal amount on June 1 in each of the years 1977 to 1990, inclusive. The company may purchase bonds in the open market or by private contract at prices not exceeding the current redemption prices plus costs of purchase, and may credit such bonds so acquired against sinking fund requirements.

Security—A first mortgage on fixed assets, rolling stock, ships, etc., of the company and all shares owned by the company in the capital stock of its subsidiaries; and a floating charge on the undertaking and all other properties and assets of the company now owned or hereafter acquired.

Purpose of Issue—Net proceeds used to reduce bank indebtedness incurred in connection with the purchase of cargo vessels.

Offered—In May, 1971, at 100 and accrued interest by a group headed by Burns Bros. and Denton Ltd. and McLeod, Young, Weir & Company Ltd.

9⅞% First Mortgage S.F. Bonds, Series C:

Dated Oct. 17, 1977; due Oct. 17, 1997.

Principal, half-yearly interest (April and Oct. 17) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the company's bankers, at the holder's option.

Authorized, issued, $15,000,000. Outstanding at Dec. 31, 1984, $11,000,000.

Denominations—Coupon bonds, registrable as to principal only, in denomination of $1,000 and as fully registered bonds in denominations of $1,000 and authorized multiples thereof.

Trustee—The Royal Trust Co.

Redemption—At the option of the company in whole or in part on not less than 30 days' notice at the fol-

lowing rates if redeemed in the 12-month period ending Oct. 17:

1978 . 109.875	1984 .. 106.55	1990 .. 103.25
1979 .. 109.30	1985 .. 106.00	1991 .. 102.70
1980 .. 108.75	1986 .. 105.45	1992 .. 102.15
1981 .. 108.20	1987 .. 104.90	1993 .. 101.60
1982 .. 107.65	1988 .. 104.35	1994 .. 101.05
1983 .. 107.10	1989 .. 103.80	1995 .. 100.50

and thereafter at par; in each case plus accrued interest. Not redeemable prior to Oct. 17, 1992, as part of a refunding operation involving funds having an effective interest cost to the company of less than 9⅞% per annum. The company will have the right to purchase series C bonds in the market or by private contract at prices not exceeding the then current redemption price plus accrued interest and costs of purchase. For sinking fund purposes redeemable at the principal amount plus accrued interest.

Sinking Fund—Sufficient to retire $800,000 principal amount on Oct. 17 in each of the years 1981 to 1996. Bonds redeemed for other than sinking fund purposes or purchased by the company, shall be available to the company at the principal amount thereof as a sinking fund credit which may be applied to the satisfaction in whole or in part of future sinking fund obligations.

Certain restrictions are placed on the issuance of additional bonds and payment of dividends.

Security—Same as for series B bonds. Series C bonds rank pari passu with all other bonds issued and outstanding.

Purpose of Issue—Net proceeds used to reduce long term bank indebtedness.

Offered—In September, 1977, at 99.50 and accrued interest, if any, to yield approximately 9.93% by a group headed by Burns Fry Ltd. and McLeod Young Weir Ltd.

Bank Loans and Acceptances—Outstanding at Dec. 31, 1984, $40,553,000 bank loans and acceptances under lines of credit with various maturities requiring repayment or renegotiation commencing in 1986. The weighted average interest rate was 12.3% at Dec. 31, 1984.

Other Debt—Outstanding at Dec. 31, 1984, $1,851,000 in 14⅜% mortgage due Nov. 15, 1987; $1,871,000 in 10¼% mortgage due June 1, 1988; $731,000 in 11⅜% mortgage due May 1, 1995; $15,000,000 in 15¾% secured promissory notes due in 1987; and $1,250,000 in capital lease obligations bearing interest at 11.2% to 13.8%, expiring in 1988 and 1989.

Subsidiary Long-Term Debt

9% Blended Payment Bonds:

Dated Oct. 1, 1973; due Jan. 1, 1999.

Principal and semiannual interest instalments of $411,862 (Jan. and July 1) payable in Canadian funds at the main branch of the Bank of Nova Scotia, Toronto. Also, beginning Jan. 1, 1975, principal to be reduced by 15% of supplemental gross revenue over basic lease year. The subsidiary company may also, in each year, make additional payments on account of principal not to exceed $400,000 for any such period providing such additional payment does not affect the amount of the regular instalments of principal and interest.

Authorized and issued, $8,500,000; outstanding at Dec. 31, 1984, $6,215,000.

Denominations—Registrable in equal aggregate principal amounts in denominations of $1,000 and authorized multiples thereof.

Trustee—Central Trust Co.

Redeemable—In whole or in part, at the company's option, at the following percentages of principal amount in each year beginning on Jan. 1:

1989 .. 107.00	1993 .. 105.00	1997 .. 103.00
1990 .. 106.50	1994 .. 104.50	1998 .. 102.50
1991 .. 106.00	1995 .. 104.00	
1992 .. 105.50	1996 .. 103.50	

and thereafter at par, plus accrued interest in each case.

Security—Direct obligation of the subsidiary company secured by its property and all monies now due and payable or to become due and repayable in respect of all rents and other monies and obligations under each lease.

Purpose of Issue—Net proceeds used to reduce bank indebtedness incurred in connection with the development of a shopping mall.

INTERIM REPORT

For the six months ended June 30, 1985, net income decreased 4% to $1,511,000 or 40 cents per share from restated $1,579,000 or 43 cents per share for the first half of 1984. Revenue increased 9% to $87,959,000 from $80,797,000.

For the second quarter of 1985, net income declined 19% to $1,806,000 or 48 cents per share from $2,225,000 or 60 cents per share for the year-earlier quarter. Revenue totaled $60,772,000, up 9% from $55,948,000.

Changes in Financial Position:

Funds provided for the six months ended June 30, 1985, amounted to $8,473,000 and included $6,574,000 from operations and $939,000 from the sale of fixed assets.

Funds applied totaled $5,986,000 and comprised $3,393,000 to fixed assets, $1,077,000 to repayment of long-term debt and $1,516,000 to dividends.

Working capital increased by $2,487,000 to stand at $3,098,000 at June 30, 1985.

INTERIM EARNINGS

Fiscal Year	Revenue	Net Inc. Oper.	Earns. Per Sh.	Revenue	Net Inc. Oper.	Earns. Per Sh.	Revenue	Net Inc. Oper.	Earns. Per Sh.
	3 months			6 months			9 months		
	$000's		—$—	$000's		—$—	$000's		—$—
1979 ..	17,793	876	0.27	50,721	3,904	1.19	87,065	8,029	2.45
1980 ..	19,700	792	0.24	56,946	3,597	1.09	94,938	7,013	2.12
1981 ..	19,971	d400	d0.12	65,447	3,075	0.90	111,986	6,304	1.85
1982 ..	19,348	d873	d0.25	59,022	158	0.04	104,245	2,155	0.60
1983 ..	18,186	d768	d0.21	66,806	1,611	0.44	119,706	4,617	1.26
1984 ..	24,849	d296	d0.08	80,797	1,435	0.38	141,540	5,031	1.35
1985 ..	27,187	d295	d0.08	87,959	1,511	0.40			

OPERATING STATISTICS

	1984	1983	1982	1981	1980	1979	1978
	Net Tons Carried (000's)						
Rail Division:							
Mining	1,803	1,775	1,239	1,993	2,053	2,383	2,382
Manufacturing	1,053	982	685	1,296	1,130	1,139	984
Forestry	294	320	311	455	515	545	566
Total	3,150	3,077	2,235	3,744	3,698	4,067	3,932
Marine Division:							
Ore	2,862	3,056	1,848	3,688	3,518	4,185	4,040
Coal & coke	3,121	2,728	2,609	3,212	2,250	2,227	1,297
Grain	2,184	2,899	2,165	1,478	1,621	1,195	1,185
Other	8,862	6,806	5,759	5,930	6,242	7,119	5,944
Total	17,029	15,489	12,381	14,308	13,631	14,726	12,466

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended December, 31

	▲1984	1983	▲1982	▲1981	1980	1979	1978
	$000's						
Source of Funds:							
Net income, operations	7,533	7,029	3,289	9,424	10,403	11,807	8,816
Depreciation & amort.	17,740	16,977	14,947	13,176	11,079	9,744	8,146
Deferred income taxes	8,084	7,369	2,954	8,823	7,491	6,875	6,580
Provision, vessel mainten.	*60	1,201	832	947	433	412	137
Provision, workers' comp.	*33	*27	233	....	....	....	....
Equity earns. in assoc. cos.	1,155	....	*39	*60	*82	*160	*292
Proc., sale fixed assets, net	399	1,010	122	117	129	7,056	*247
Increase in l.-t. debt	474	15,155	15,000	18,729	14,866	12,998	11,500
Dividends reinvested	1,206	1,258	2,232	2,409	2,381	....	179
Proceeds, liquid. of assoc.	....	1,111	....	....	....	....	....
	36,498	51,577	40,093	53,947	46,700	48,807	35,269
Applications of Funds:							
Additions to fixed assets	11,033	47,393	21,707	44,796	37,453	42,325	23,679
Invest. & l.-t. receiv.	150	996	*151	*382	1,827	....	1,944
Repayment of l.-t. debt	26,674	1,922	16,533	2,786	3,114	3,218	3,953
Dividends	2,808	2,206	2,681	4,143	3,758	3,263	2,951
Other	88	27	*2	258	83	*75	153
	40,753	53,038	41,291	51,983	46,235	48,806	32,680
Increase working capital	●4,255	●1,461	●1,198	1,964	465	1	2,589

*Subtract ●Decrease.

▲As reported, but giving effect to retroactive changes in prior years' accounts.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years ended December 31

	1984	1983	1982	1981	1980	1979	1978
				$000's			
Revenue	195,164	170,804	146,015	155,117	132,392	121,321	102,485
Less: Cost of operations	139,922	119,531	104,327	104,396	87,265	77,304	67,522
Gen. & admin. exps.	9,128	8,581	8,580	7,835	7,270	6,714	6,018
Add: Other income	749	603	746	633	987	646	888
Net before deprec., etc.	46,863	43,295	33,854	43,519	38,844	37,949	29,833
Less: Deprec. & amort.	17,740	16,977	14,947	13,176	11,079	9,744	8,146
Interest expense	12,475	12,340	12,553	12,812	7,510	6,569	5,266
Income taxes: Current	□ 124	□ 420	111	□ 656	9,501	3,114	1,317
Deferred	8,084	7,369	2,954	8,823	433	6,875	6,580
Add: Equity earnings	d1,155	....	....	60	82	160	292
Net income, operations	7,533	7,029	3,289	9,424	10,403	11,807	8,816
Add: Extraordinary items▲	....	386	d1,073	....	....	4,229	....
Net income	7,533	7,415	2,216	9,424	10,403	16,036	8,816
Add: Previous ret. earns.	77,477	72,268	72,733	66,398	59,753	46,980	41,115
Prior years' adjust.	§512	....	....	●1,054	....	....	....
Less: Common dividends	2,808	2,206	2,681	4,143	3,758	3,263	2,951
Retained earnings	82,714	77,477	72,268	72,733	66,398	59,753	46,980

§Refund of U.S. income taxes and interest penalty previously paid of $326,000 and interest allowed thereon of $380,000, net of Canadian income taxes of $194,000.

●See "Accounting Changes", page 3. □ Credit.

▲In 1983, net gain on liquidation of associated company; in 1982, write-down of silica-kaolin venture; in 1979 consisted of $4,341,000 net gain on the sale of M/V Sir Denys Lawson, $224,000 net gain on the sale of buildings and land, less $334,000 in additional taxes as a result of reassessment of 1974 taxable income.

Remuneration—Of senior officers and directors has been as follows in recent years: $810,028 in 1984; $716,594 in 1983; $779,794 in 1982; $668,549 in 1981; $540,575 in 1980; $533,092 in 1979; and $518,000 in 1978.

Times All Interest Earned:							
Before deprec. & amort.	3.76	3.51	2.70	3.40	5.17	5.78	5.67
After deprec. & amort.	2.33	2.13	1.51	2.37	3.70	4.29	4.12
Earnings Per Share:							
Common: Earned*	$2.01	$1.91	$0.92	$2.75	$3.13	$3.60	$2.69
Earned●	2.01	2.01	0.62	$2.75	3.13	4.89	2.69
Dividends Paid:							
Common	$0.75	$0.60	$1.05	$1.20	$1.10	$0.96	$0.87

*Based on net income, operations. ●Based on net income.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
				$000's			
Assets							
Current:							
Cash	249	429	581	195	246	2,929	1,528
Income taxes recover.	29	405	330	2,321	934	....	....
Accounts receivable	29,945	25,154	19,695	20,516	15,277	16,324	16,714
Inventories▲	8,334	7,530	7,703	6,285	7,201	5,550	4,463
Prepaid expenses	1,203	3,542	1,431	1,395	1,594	865	644
Deferred income taxes	403	727	....	....	....	....	....
	40,163	37,787	29,740	30,712	25,252	25,668	23,349
Accident compensation fund	....	....	●	843	677	508	387
Invest. & l.-t. rec.	3,571	4,576	4,266	4,378	4,700	2,791	2,821
Fixed assets:							
Land	3,215	3,263	3,263	3,215	2,783	2,667	2,267
Plant & equipment	396,024	388,512	344,149	323,454	282,757	246,638	210,233
Less: Accum. deprec.	143,008	128,551	113,710	99,738	90,193	80,397	74,565
	256,231	263,224	233,702	226,931	195,347	169,008	137,935
Licenses	3,386	3,389	3,391	3,410	3,350	3,317	3,317
Deferred expl. & devel.	....	....	1	1,074	1,059	1,060	1,051
Deferred charges	762	784	870	1,013	911	954	925
Forest lands	1	1	1	1	1	1	1
	304,114	309,761	271,971	268,362	231,297	203,307	169,786
Liabilities							
Current:							
Bank indebtedness	4,416	3,124	2,092	2,665	2,073	424	821
Accts. pay. & accr. chgs.	30,850	24,907	17,085	15,807	13,530	13,312	12,417
Dividends payable	....	....	....	1,191	1,013	902	787
Income taxes	....	....	....	....	....	2,687	767
Vessel maintenance prov.	812	1,151	....	....	....	....	....
Long-term debt due 1 yr.	1,419	1,495	1,992	2,131	2,736	2,908	3,123
	37,497	30,677	21,169	21,794	19,352	20,233	17,915
Vessel maintenance prov.	5,025	5,085	4,778	3,946	2,999	2,566	2,154
Workers' compensation prov.	1,016	1,049	1,076	843	677	508	387
Deferred income taxes	78,147	70,063	61,761	58,807	49,984	42,493	34,796
Minority Interest	....	....	....	10	10	10	10
Long-term debt:							
Loans & accept.	40,553	65,464	51,310	65,660	46,932	30,170	21,398
5¾% s.f. debents.	....	....	....	....	....	....	210
8¾% s.f. bonds	3,221	4,186	4,800	5,400	6,000	6,564	7,053
9⅞% s.f. bonds	11,000	11,800	12,600	13,400	13,870	15,000	15,000
9% blended bonds	6,215	6,579	6,883	7,175	7,439	7,673	7,874
Mortgages	4,453	4,519	4,572	4,624	4,691	4,754	4,805
Notes payable	15,000	15,000	15,000	....	517	1,360	2,531
Capital lease obligs.	1,250	1,045	195	366	422	551	....
Other debt	....	....	....	277	1,088	3,135	556
	81,692	108,593	95,360	96,902	80,959	69,207	59,427
Shareholders' Equity							
Common stock	7,566	7,440	7,300	7,012	6,753	6,558	6,558
Contributed surplus	10,457	9,377	8,259	6,315	4,165	1,979	1,979
Retained earnings	82,714	77,477	72,268	72,733	66,398	59,753	46,980
	304,114	309,761	271,971	268,362	231,297	203,307	169,786

●Discontinued in 1982 with funds transferred to the treasury. ▲Materials and supplies stated at cost, determined on a first-in, first-out basis.

Lease Commitments—At Dec. 31, 1984, the company was committed to annual rental payments of $1,477,000 for rolling stock under capital leases commencing prior to 1979 and expiring at various dates to 1992.

Guarantee—A subsidiary has guaranteed repayment of certain bank debt of the Florida real estate joint venture. At Dec. 31, 1984, the company's potential exposure under this guarantee was approximately US$8,959,000 (Cdn$11,826,000).

Pension Plan Liability—Unfunded past service pension liability at Dec. 31, 1984, was approximately $2,628,000 to be funded and charged to operations over the next 15 years. Payments during the next five years will be $443,000 per annum.

Working capital ($000's):							
Current assets	40,163	37,787	29,740	30,712	25,252	25,668	23,349
Current liabilities	37,497	30,677	21,169	21,794	19,352	20,233	17,915
Working capital	2,666	7,110	8,571	8,918	5,900	5,435	5,434
Ratio	1.07—1	1.23—1	1.40—1	1.41—1	1.31—1	1.27—1	1.30—1
Equities:							
Net worth* ($000's)	100,737	94,294	87,827	86,060	77,316	68,290	55,517
S.f. bonds, per $1,000	$8,084	$6,899	$6,048	$5,578	$4,891	$4,167	$3,527
Common, $2 par	26.63	25.35	24.06	24.55	22.90	20.83	16.93

*Available for capital stock; based on shareholders' equity. Sinking fund bonds taken in at par for calculation of their equity.

Shares Outstanding:							
Common	3,783,000	3,720,000	3,650,000	3,505,798	3,376,574	3,278,875	3,278,875

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Fiscal Year	Rail Tonnage	Marine Tonnage	Total Assets	Net Fixed Assets	Revenue	Net Inc. Oper.	Earns. per Com. Sh.	Com. Price Range High	Com. Price Range Low
	000's		$000's				$	$	$
1924 ..			24,731	23,059	2,350	207			
1925 ..			24,491	23,385	1,462	d121			
1926 ..			24,651	23,285	1,836	35			
1927 ..			25,020	23,474	2,222	221			
1928 ..			25,277	23,622	2,130	103			
1929 ..			25,260	23,576	2,246	218			
1930 ..			25,503	23,822	2,037	117			
1930* .			25,442	23,858	810	14			
1931 ..			20,320	19,245	1,294	d31			
1932 ..			20,180	19,253	1,035	d38			
1933 ..			20,164	19,224	1,048	60			
1934 ..			20,325	19,059	1,282	78			
1935 ..			20,451	19,367	1,599	82			
1936 ..			20,727	19,406	1,729	83			
1937 ..			20,743	19,372	2,035	108			
1938 ..			20,747	19,348	1,737	88			
1939 ..			20,638	19,097	1,967	91			
1940 ..			21,245	19,312	2,697	d428			
1941 ..			21,742	19,542	3,729	42			
1942 ..			22,461	19,751	4,217	120			
1943 ..			23,290	20,134	4,609	124			
1944 ..			24,004	20,239	4,861	d129			
1945 ..			24,934	20,317	5,024	d129			
1946 ..			25,762	20,748	5,329	d11			
1947 ..			28,196	20,714	6,499	d6			
1948 ..			28,892	20,963	7,189	d54			
1949 ..			28,792	21,222	7,037	d222			
1950 ..			30,062	24,183	7,863	278			
1951 ..			36,815	29,477	10,252	824			
1952 ..			38,301	31,376	11,024	1,172			
1953 ..			38,487	34,034	10,804	822			
1954 ..			38,272	34,269	8,552	477			
1955 ..	3,207	2,168	39,371	34,276	9,985	1,246			
1956 ..	3,357	2,682	40,457	34,959	11,887	1,620			
1957 ..	3,467	2,544	44,948	37,963	12,208	1,496			
1958 ..	3,783	2,274	42,929	38,350	11,387	1,293			
1959 ..	4,913	2,302	43,678	39,056	11,916	1,324	2.72	‡23.50	‡16.50
1960 ..	4,207	2,189	44,124	39,964	10,669	949	1.68	19.75	15.13
1961 ..	4,605	2,217	46,427	40,872	11,519	1,182	2.10	24.00	16.25
1962 ..	3,949	1,905	46,422	41,089	10,970	1,220	2.14	24.00	18.00
1963 ..	4,385	2,120	48,219	44,290	12,309	1,402	2.20	25.25	19.00
1964 ..	4,639	3,144	52,080	49,083	14,950	1,864	▲0.59	▲8.63	▲8.00
1965 ..	4,540	3,679	58,170	54,835	15,732	2,073	0.65	11.13	7.50
1966 ..	4,444	4,618	60,148	56,726	17,927	2,488	0.78	11.63	8.50
1967 ..	3,826	3,284	64,342	60,595	15,282	1,809	0.56	9.25	6.88
1968 ..	4,391	4,198	73,756	69,948	16,935	2,045	0.63	11.75	7.50
1969 ..	3,248	4,396	74,499	70,379	15,915	1,651	0.51	11.00	6.50
1970 ..	3,934	5,985	82,460	77,305	20,346	2,629	0.81	9.00	5.63
1971 ..	3,779	8,160	58,742	53,127	25,084	2,839	0.87	10.50	7.25
1972 ..	4,059	8,236	72,426	61,516	32,407	3,549	1.08	13.00	8.50
1973 ..	4,437	9,631	95,433	78,070	45,728	4,650	1.42	16.50	11.50
1974 ..	4,695	8,442	114,752	85,736	60,997	3,918	1.20	14.88	9.00
1975 ..	2,845	10,344	117,893	98,181	63,603	4,138	1.26	16.38	9.63
1976 ..	3,749	10,436	133,258	112,640	73,355	4,144	1.26	15.00	10.75
1977 ..	3,662	12,152	146,680	122,471	91,569	7,118	2.17	16.00	10.25
1978 ..	3,932	12,466	169,786	137,935	102,485	8,816	2.69	24.00	15.63
1979 ..	4,067	14,726	203,307	169,008	121,321	11,807	3.60	27.50	18.75
1980 ..	3,698	13,631	231,297	195,347	132,392	10,403	3.13	26.00	21.00
1981 ..	3,744	14,308	268,362	226,931	155,117	9,424	2.75	24.00	15.50
1982 ..	2,235	12,381	271,971	233,702	146,015	3,289	0.92	18.25	13.00
1983 ..	3,077	15,489	309,761	263,224	170,804	7,029	1.91	20.75	14.50
1984 ..	3,150	17,029	304,114	256,231	195,164	7,533	2.01	23.13	16.13

*Six months ended Dec. 31 due to change in year end. ‡Listed Mar. 11.
▲Following 5-for-1 stock split in December, 1964.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

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